DRAFT DEBT AND CREDIT CONTROL POLICY

NALEDI LOCAL MUNICIPALITY

Council resolves to adopt the following proposal as the Debt and Credit Control Policy of the Naledi Local Municipality

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NALEDI LOCAL MUNICIPALITY
DEBT AND CREDIT CONTROL POLICY

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NALEDI LOCAL MUNICIPALITY
DEBT AND CREDIT CONTROL POLICY

1. INTRODUCTION

The Municipal Council must ensure that all money due to the Municipality is collected, subject to the Municipal Systems Act. For this purpose the Municipal Council must adopt, implement and maintain a credit control and debt collection policy consistent with its rates and tariff policies and complying with the provisions of the Municipal Systems Act (Section 96).

The Municipal Council must adopt by-laws to give effect to its credit control and debt collection policy, its implementation and enforcement. By-laws may differentiate between different categories of taxpayers, customers, debtor's taxes, services, service standards and other matters (Section 98 of the Municipal Systems Act).

2. BACKGROUND

The purpose of this policy is to ensure that credit control forms part of the financial system of the Municipality and to ensure that prudent credit control procedures are consistently applied.

3. DEFINITIONS

"Accounting officer" - The municipal manager is the accounting officer of the municipality for the purpose of Act No. 56 of 2003: Local Government: Municipal Finance Management Act, 2003. (MFMA).

"Agreement" - an arrangement to pay off any arrears amount with interest over an agreed period of time.

"arrears" means any amount due and payable to the municipality which has not been paid on or before the due date.

"billing" means invoicing on a municipal account to an account holder of an amount or amounts payable for assessment rates, metered services, other municipal charges, levies, fees, fines, taxes, or any other amount or amounts payable arising from any other liability or obligation

"Business" any trade, manufacturing, service delivery or commercial activity as the primary objective

"Consumption" - the usage of water and electricity through Council's metered or prepaid Systems

"Collection cost" all cost associated with credit control and debt collection, including interest, penalties service disconnection cost and legal cost.

"customer/consumer/account holder" any occupier and/or owner of any property to which the municipality has agreed to supply services or already supplies services to, or failing such an occupier, then the owner of the property.

"Council's Attorney" - Means a law firm, including all legal practitioners, correspondents and affiliates of such law firms appointed by the council from time to time through a transparent bidding process, to handle all or specifically nominated legal affairs of the council on request.

"Councillor" - Means a member of the municipal Council.

"credit control and debt collection" means all the functions relating to the collection of revenue;

"Chief Financial Officer" / "Manager: Finance" - Means a person designated in terms of section 80(2)(a) of the MFMA.

"deposit" a sum of money paid in lieu of a service to be rendered.

"dishonoured cheque" refusal by a bank to pay an amount ordered by cheque to Naledi Municipality for whatever reason

"Days" - This will be **calendar days** unless specifically mentioned otherwise.

"due date" means the date specified as such on a municipal account dispatched by the municipality to an account holder for current charges payable and which is the last day allowed for the payment of such current charges

"Head of department" - A senior official in charge of a specific service of the Council.

"interest" a charge levied and calculated at the **prime interest rate** determined by the Minister of Finance in terms of section 80 of the Public Finance Management Act of 1999, **rate plus 1%** on all arrear amounts owed to Council.

"Mayor" - The councillor elected as the mayor of the municipality in terms of section 55 of Municipal Structures Act.

"Manager" - A senior manager as referred to in section 56 of the Municipal Systems Act.

"Month" - One of the twelve months of the calendar year.

"Municipality" - A municipal council referred to in section 157 (1) of the Constitution of the RSA.

"municipal account" means an account rendered on which is billed an amount or amounts payable to the municipality for assessment rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation;

"municipal service charges" means those assessment rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation reflected on the municipal account for which payment is required by the municipality;

"Municipal Finance Management Act" - Municipal Finance Management Act No. 56 of 2003.

"Municipal Manager" - The person appointed in terms of section 82 of the Municipal Structures Act.

"Municipal Structures Act" - The Local Government: Municipal Structures Act No. 117 of 1998, as amended.

"**Municipal Systems Act**" - The Local Government: Municipal Systems Act No. 32 of 2000, as amended.

"occupier" means any person who occupies any premises or part thereof notwithstanding the title under which the person occupies, and *includes;*

(a) any person in actual occupation of such premises;

(b) any person legally entitled to occupy such premises;

(c) in the case of premises which have been subdivided and let to lodgers or various tenants, the person receiving the rent payable by such lodgers or tenants whether on that person's own account or as agent for any person entitled thereto or interested therein;

(d) any person having the charge or management of those premises, and includes the agent of any such person when the person is absent from the Republic of South Africa or his or her whereabouts are unknown; and

(e) the owner of those premises;

"owner" means ;

(i) a person in whom the legal title to a premises is vested;

(ii) in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

(iii) in the event that the municipality is unable to determine the identity of the person in whom the legal title is vested, the person who is entitled to the benefit of such premises or a building thereon;

(iv) in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;

(v) in relation to -

(i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and without restricting the above, the developer or the body corporate in respect of the common property; or

(ii) a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;

(vi) any legal person including, but not limited to -

(i) a company registered in terms of the Companies Act, 1973 (Act No. 61 of 1973), the Companies Act, 2008 (Act No. 71 of 2008), Trust inter vivos, Trust mortis causa, a Closed

Corporation registered in terms of the Closed Corporation's Act, 1984 (Act No. 69 of 1984), a voluntary association;

(ii) any Department of State;

(iii) any Council or Board established in terms of any legislation applicable to the Republic of South Africa; and

(iv) any Embassy or other foreign entity; and

(vii) a lessee of municipal property who will be deemed to be the owner for the purposes of rendering a municipal account;

"prepayment service/system" means a system whereby the consumers of electricity and water makes a payment in advance for the use of the service.

"property" any portion of land of which the boundaries are determined within the jurisdiction of the municipality

"revenue" means all monies due to the municipality and in regard to which it has the right to enforce payment;

"tampering" means any unauthorised interference with the municipality's supply, seals and metering equipment and "tamper" has a corresponding meaning;

4. VISION

The vision of this policy is to:

- Ensure sufficient notification of outstanding debt to debtors in default;
- Provide debtors with monthly statements in time; and
- Ensure sufficient and effective interaction with defaulters and to allow for the conclusion of arrangements for the payment of arrears over agreed period of times.

5. OBJECTIVES OF THE POLICY

The objectives of this policy are to provide for:

- Credit control procedures and mechanisms;
- Debt control procedures and mechanisms; and
- Realistic targets/ benchmarks as set by the municipality which is consistent with:
- General Recognised Accounting Practices and collection ratios; and
- The estimate income set in the budget minus an acceptable provision for bad debts.

6. RESPONSIBILITY FOR CREDIT CONTROL

6.1. Supervisory Authority

The Municipality's Mayor must:

- Oversee and monitor the:
  - Implementation and enforcement of the Municipality's credit control and debt collection policy and any by-laws enacted; and
  - Performance of the Municipal Manager in implementing the policy and any by-laws.
- When necessary, evaluate, review or adapt the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and
- Report to the quarterly meetings of the Council.

6.2. Implementing Authority

The Municipal Manager must:

- Implement and enforce the Municipality's credit control and debt collection policy and any by-laws enacted in terms of the Municipal Systems Act;
- In accordance with the credit control and debt collection policy and any such by-laws establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the Municipality; and
- Report the prescribed particulars monthly to a meeting of the supervising authority.

7. DUTIES AND FUNCTIONS

7.1. Duties and Functions of Council

- To approve a budget consistent with Council's integrated Development Plan
- To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Municipal Manager.
- To approve a reporting framework for credit control and debt collection.
- To consider and approve by-laws to give effect to the Council's policy.
- To monitor the performance of the Implementing Authority regarding credit control and debt collection.
- To revise the budget should Council's targets for credit control and debt collection not be met.
- To take disciplinary action against councillors, officials and agents who do not execute council's policy and by-laws.
- To provide sufficient capacity in the Finance department for credit control and debt collection.
- To appoint debt collection agents to assist the Municipal Manager in the execution of his duties, if required.

7.2. Duties and Functions of the Mayor

- To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of policy and relevant by-laws.
- To monitor the performance of the Municipal Manager in implementing the policy and by-laws.
- To review and evaluate the policy and by-laws in order to meet the Credit Control and Debt Collection targets.
- To report to Council.

7.3. Duties and Functions of the Municipal Manager

- To implement good customer care management.
- To implement council's credit control and debt collection policy.
- To install and maintain an appropriate accounting system.
- To bill customers.

- To demand payment on due dates.
- To raise interest for defaults.
- To appropriate payments received.
- To collect outstanding debt.
- To implement “Best Practices”.
- To provide different payment methods.
- To determine credit control measures.
- To determine work procedures for public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- To complete the legal process with or without legal aid (i.e. attachments and sale in execution of assets, emolument attachment orders etc.).
- To set performance targets for staff.
- To appoint staff in accordance with council’s staff policy to execute council’s policy and by-laws.
- To delegate certain functions to heads of departments.
- To determine control procedures.
- To deal with exceptional cases not included in the policy, with an acceptable arrangement for payment of the account.
- To report to the Mayor.
- To approve a list of local attorneys in accordance with the Supply Chain Policy- and Regulations to represent Council in legal matters regarding debt collection.

7.4. Duties and Functions of communities, ratepayers and residents

- To fulfil certain responsibilities, as brought about by the privilege and/or right to use and enjoy public facilities and municipal services.
- To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- To respect the mechanisms and processes of the municipality in exercising their rights.
- To allow municipal officials reasonable access to their property to execute municipal functions.
- To comply with the by-laws and other legislation of the municipality.
- To refrain from tampering with municipal services and property.

7.5. Duties and Functions of ward councillors and political parties

- To hold regular ward meetings.
- To adhere to and convey council policy and by-laws to residents and ratepayers.
- To adhere to council's code of conduct for councillors.
- To support the administration of Council.

7.6. Councillor and municipal staff arrears

- Staff arrears will be dealt with in accordance with Schedule 2 of the Systems Act, and terms of any procedures, methods or actions referred to in this policy. Notwithstanding any other procedure, method or action that may be taken in terms of this policy, the Municipal manager shall deduct any outstanding amount from such staff member's salary after this 3 (three) month period.
- In accordance with schedule 1, item12A of the Systems Act, a Councillor of the Municipality may not be more than 3 (three) months in arrears for municipal service fees, surcharges on fees, rates or any other municipal taxes, levies and duties levied by the Municipality. Notwithstanding any other procedure, method or action that may be taken in terms of this policy, the Municipal manager shall deduct any outstanding amount from such Councillor's remuneration after this 3 (three) month period.
- All new appointees (councillors and staff members) indebted to the municipality must enter into an agreement with the municipality for the payment or arrear accounts via automatic salary deductions, informed by the affordability of the debtor.

8. CUSTOMER CARE

8.1. Communication and Feedback

- The municipality will, within its financial and administrative capacity, conduct an annual process of compiling its budget according prescribed legislation.
- Council's Customer Care and Management, and Debt Collection Policy, will be available in English, and will be made available by general publication on specific request, and will also be available at Council's cash collection points and website.
- Council will endeavour to distribute a regular newsletter, which will give prominence to customer care, credit control and debt collection issues.
- Ward councillors will be required to hold regular ward meetings, at which customer care and credit control issues will be given prominence.

- The press will be encouraged to give prominence to Council's Customer Care and Credit Control Debt Collection issues, and will be invited to Council meetings where these are discussed.

8.2. Council will aim to establish:

- A central complaints/feedback office to effectively deal with correspondence from the first acknowledgement of receipt until finalisation;
- A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
- Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- A communication mechanism to give council feedback on service, Credit Control and debt Collection and other issues of concern.

8.3. Service application and agreements

- All owners will be required to sign an agreement governing the supply, of, and cost of municipal services. Notwithstanding this, Council reserves the right to sign contracts with tenants at its own discretion.
- All existing contracts for service delivery with tenants will be maintained and all new service contracts will be with the owners of property unless special consent is given by the CFO.
- When tenants are in default, the service contract with the tenants may be cancelled and the services transferred to the owner.
- Prior to signing these agreements, owners and or tenants will be entitled to receive the policy document of the Council on request.
- Within a specified period (in the agreement) of change of ownership, meters will be read and an account posted.
- In the agreement, customers will acknowledge liability for costs of collection, and interest and penalties, in the event of delayed payment.
- If an applicant has an outstanding amount that is due and payable to the municipality the arrears must be paid, or an agreement for payment of arrears must be concluded with the municipality before an application for services can be approved.
- No water connection will be made without approved building plans.

8.4. Customer screening and securities

- The applicant may be required to undergo a full credit check in an endeavour to trace all debt inclusive of municipal debt owed by the applicant. This will require the provision of, inter alia, acceptable means of identification and if applicable, binding lease agreement, title deed and other supporting documentation as required by the Municipality from time to time. The relevant application form as approved by the CFO from time to time forms an integral part of this policy insofar as the contents of such application form are not in conflict with any of the provisions of this policy.
- Application for services for businesses, including trusts, companies, close corporations, partnerships, sole proprietors and government institutions should be approved subject to the provisions of sub-item (1) above. The application must include the submission of a resolution delegating authority to the applicant and furnishing, if applicable, the business entity's registration number or Trust reference number (T number) with the Master of the High Court. The names, addresses and all relevant contact particulars of all the business's directors or members or trustees or proprietors or partners must be submitted with the resolution. The relevant application form as approved by the Municipality from time to time forms an integral part of this policy insofar as the contents of such application form are not in conflict with any of the provisions of this policy.
- Where a company, close corporation, Trust in terms of the Trust Property Control Act, 57 of 1988, Home owners' association or a Body Corporate in terms of the Sectional Titles Act, 95 of 1986, is indebted to Council, the liability for such arrears may be extended to the directors, members of trustees thereof jointly and severally for which a surety must be signed by the applicant(s).
- The municipality shall not conduct any business activity with or provide any services to any persons who are in arrears with municipal accounts except as provided for in this policy and as determined by the Municipality from time to time, nor will any refunds or credits be made to any debtor who is arrears with their municipal account.
- Security deposits either in cash or any other security acceptable to the municipality will be taken, and may vary according to the risk. A minimum deposit of the equivalent of two months' average account will be taken.

- Deposits may be increased by the municipality at any time to comply with the point above.
- In cases of defaulting, during the last two financial years, in terms of payment of municipal services, deposits may be increased by applying the following measures:

  - 1st default: To increase the consumer deposit according to the approved Tariffs;

  - 2nd default: double the consumer deposit according to the approved tariffs; and

  - 3rd default: To force the consumer to convert to prepaid electricity at own cost.

- The increase in deposits must be paid in 3 instalments.
- The municipality will not pay any interest on deposits.
- On the termination of the agreement the amount of the deposit less any outstanding amount due to the municipality will be refund to the consumer.

8.5. Accounts and Billing

- Consumers will receive an understandable and accurate bill from the municipality.
- Accounts will be produced in accordance with the meter reading cycle and due dates as determined by Council from time to time.
- Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality or its authorised agent.
- It is the customer's responsibility to ensure that his/her postal address and personal details are correct and updated on the records of the municipality.
- If a consumer does not receive an account by the 10th of the month, a copy must be requested at any municipal office.
- In the event that the consumer does not receive an account due to unforeseen reasons, he/she is still obliged to pay the account that is due and payable. The onus shall be on the consumer to obtain a copy of the account before the due date.
- Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in final settlement of such an account.
- The supply of the correct account reference for electronic payments is the responsibility of the consumer to avoid any penalties and administrative costs.
- Council only recognises payments (electronic transfers and/or direct deposits) reflecting in the municipality's bank account on or before the due date for payment.

- Where any payment made to the municipality or its authorised agent by negotiable instrument is later dishonoured by the bank, the municipality or its authorised agent:

  a) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the consumer;

  b) Shall regard such an event as default on payment;

  c) Disconnect services in the event of default;

  d) Insist on cash or electronic fund transfer payments for all future payments.

- The municipality or its authorised agent must, if administratively possible, issue a duplicate account to a consumer on request. A fee as per the approved tariffs will be applicable.
- All separate debts owed to this municipality by a debtor shall be deemed to be consolidated.
- Subject to section 118(1) of the Systems Act the Municipal manager has the right to offset any credit, or any amount due to a debtor, against any debit pertaining to that same debtor, or to transfer any debt to another account of that same debtor.
- The Municipal Manager has the right to transfer any property debt owed by a tenant to the owner's account of any property, in terms of sections 102 and 118(3) of the Systems Act.

8.6. Metering

- The municipality will endeavour, within practical and financial limits, to provide meters to every paying consumer for all measurable services.
- All meters will be read monthly, if at all possible. If the meter is not read monthly, the council will average the consumption based on preceding periods.
- Consumers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, and the consumer is charged for an average consumption, the account following the reading of the metered consumption must articulate the difference

between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

- In exceptional circumstances and to avoid unfairness, it is delegated to the CFO to adjust the consumption after the new reading, based on the average of the previous 3 months levied. The exceptional circumstances are deemed relevant were the actual consumption is more than 100% of the average consumption during the period not read. For these consumers the municipality will write-off 50% of the difference.
- It is the responsibility of the consumer to ensure that his/her meter is clear and readable at all times.

8.7. Right of access to premises

- The owner and/or occupier of a premise give an authorised representative of the municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.
- The owner accepts the cost of relocating a meter if satisfactory access is not possible.
- If a person contravenes 6.7.1 the municipality or its authorised agent may:

a) By written notice require such person to restore access at his/her own expense within a specified period;

b) If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

8.8. Payment facilities and -methods and stop orders and debit orders

- The municipality will operate and maintain sustainable banking and cash facilities which facilities will be accessible to all users.
- The municipality will, at its discretion allocate a payment between service debts – a debtor who has overdue debt may not specify that the payment is for a specific portion of the account.
- The municipality may, with the consent of a consumer, approach an employer to secure a debit or stop order arrangement..

- The consumer will acknowledge, in the consumer agreements that the use of consumer agents in the transmission of payments to the municipality is at the risk of the consumer – also for the transfer time of the payment.
- When a debtor's cheque or electronic payment, made payable to Council is rejected by the Bank institution as result of insufficient funds, the debtor will be liable for an administrative fee as per the approved tariffs.
- If a debtor's electronic payment is rejected due to insufficient funds, the municipality will notify the debtor accordingly. If the debtor's payment is rejected for the 2nd consecutive time, the municipality will notify the debtor again and the debtor will have to make use of alternative payment methods to pay the account.

8.9. Enquiries, appeals and services complaints

- If a consumer is convinced that his or her account is inaccurate, he or she can lodge a dispute with the municipality for recalculation of this account.
- The dispute must be submitted in writing or dictated to the official who will record it in writing and have it signed as correct.
- The document must then immediately be lodged with the relevant delegated official.
- No dispute will be registered verbally whether in person or over the telephone.
- The debtor must furnish full personal particulars including all their account numbers held with the Municipality, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the Municipality.
- The full nature of the dispute must be described in the correspondence referred to above.
- The onus will be on the debtor to ensure that he receives a written acknowledgement of the dispute.
- The municipality will maintain a register of all disputes registered and resolved.
- In the interim the debtor must pay an average based on previous consumption where history of the account is available. Where no such history is available the debtor is to pay an estimate provided by the municipality before the due date for payment until the matter is resolved.
- The relevant department will investigate and inform the debtor when a reasonable outcome is available.

- Failure to make such agreed interim payment or payments will make the consumer liable for disconnection.
- A consumer may appeal against the finding of the municipality or its authorised agent in terms of 6.9.6
- An appeal and request in terms of 6.9.5 must be made and lodged with the municipality within 21 (twenty-one) days after the consumer became aware of the finding referred to in 6.9.3 and must:
  - a) Set out the reasons for the appeal;
  - b) Be accompanied by any security determined for the testing of a measuring device, if applicable.

8.10. Business who tender to the Municipality

- When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
- A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract of approved tariff or rate, which is outstanding after the due date, normally appearing on the consolidated account, or overdue in terms of the contract or any other due date that has passed.
- Tender conditions can contain a condition allowing the municipality to deduct moneys owing to the municipality from contract payments in terms of a reasonable arrangement with the consumer.

8.11. Incentives for prompt payment

- The municipality may, to encourage payment, and to reward good payers consider, from time to time, incentives for the payment of accounts.
- Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.

8.12. Customer assistance programs

- Water leakages
- If the leakage is on the side of the consumer the consumer is responsible for the payment of the full account.
- The consumer has the responsibility to control and monitor his/her consumption.
- The consumer is responsible for private reparation of water pipes behind the meter.
- An abnormal water leakage will be dealt with as follows:

  i) A customer will qualify for a water leakage discount upon application with proof of the following: -

  a) The leak was under the surface and/or not easily detectable on the surface;

  b) The leak was repaired within 72 hours since its detection;

  c) The customer may apply only once in a cycle of 24 months for a discount; and

  d) Suitable proof of repair has been submitted containing the following information: -

  ☐ Date of repair; and

  ☐ Confirmation that the leak was under the surface and/or not easily detectable on the surface.

  ii) Discount for household usage will be calculated over the period the leak was present and will be equal to the consumption above the average normal consumption of the customer at the 0-6 kl tariff.

  iii) It is the responsibility of the customer to control and monitor his/her consumption.

- Rates rebates - Rebates on rates are dealt within the Property rates policy.
- Property rates arrangements - Property rates are payable in accordance with the stipulations included in the Property Rates Policy of the municipality.

8.13. Occupant(s) responsibility in case of death of owner

- It is the responsibility of the occupant(s) of a property to immediately submit a death certificate to the municipality in case of death of the registered owner of such a property.
- Balances in arrear prior to the date of death should be registered as a claim against the estate of the deceased. The account name will be changed to Estate (Late).
- If no estate exists, balances in arrears prior to the date of death should be dealt with as follows:

  i. an account to be opened in the name of the occupant;

  ii. debt that accumulated after the death of the owner, be transferred to the new account of the occupant and dealt with in accordance with Council's Debt collection- and credit control policy;

  iii. that, where property is registered in more than one owners name, the account not be regarded as those of a deceased until death certificates of both registered owners are in Council's possession;

  iv. that debt of deceased is written off in accordance with Council's debt collection- and credit control policy and submitted to Council for notification.

- A new application for services must be completed.
- The occupant must pay all outstanding debt regarding services and rates from the date stated on the death certificate.
- If, however, the new owner (beneficiary / heir) is not in the position to pay the outstanding debt, the person can be assisted by the credit control policy to clear the account, to enable the new owner (beneficiary / heir) to register the property in his/her name

9. APPLICATION FOR SUPPLY OF MUNICIPAL SERVICES AND SERVICE AGREEMENTS

9.1. Any application for any supply of services to any premises must be made sufficient working days prior to the service being required, in the prescribed format, and must comply with the conditions as determined by the Municipal Manager or his or her delegate from time to time.

9.2. Subject to the provisions as per the right of appeal, only the owner of a property, his duly authorised agent on his or her behalf, or the lawful occupier of premises (tenant) may apply for municipal services to be supplied to a property.

9.3. Where application is made by a tenant, such application must be accompanied by a lease agreement entered into between the tenant and the owner or its agent of which the premises where such services are sought forms the subject.

9.4. No services shall be supplied unless and until:

a. the applicant has paid all outstanding amounts owed to the Municipality;
b. the owner of the property has paid all outstanding amounts owed to the Municipality for the specific property for which services have been applied for;
c. an application has been made by the owner or tenant and a service agreement in the prescribed format has been entered into and the deposit has been paid.

9.5. An application for the supply of services for a period of less than one year is regarded as an application for a temporary supply.

10. BILLING AND PAYMENT

10.1. The account holder must pay all amounts due to the municipality as reflected in the municipal account, and the onus is on the account holder to verify the accuracy of such account, provided however that:

(a) the Council may from time to time offer an incentive on amounts due to the municipality as an incentive for timely payment of current amounts due by the due date therefor;
(b) an account holder remains liable to make payment of the full amount due, on due date therefor and any discount becoming due to an account holder in terms of any such incentive in force from time to time will be reflected as a credit on the current month's account;

10.2. An account holder must pay for metered and other service charges, assessment rates, other municipal charges, levies, fees, fines, interest, taxes or any other liability or obligation from the date of origin of such municipal charges until the written termination of the services. In the case of any dispute the onus will be on the account holder to supply proof that the services were terminated.

10.3. An account holder;

(c) has one account number and will be rendered one consolidated account for each premises to which services are rendered or for which rates are due, on which the due date for settlement of the total amount owing is reflected; and

(d) will be rendered an account monthly in cycles of approximately thirty days;

10.4. Payment must be received before close of business on the due date.

10.5. Payment made to any of the service providers appointed by the municipality to receive payments on its behalf, should be made at least five working days before the due date to enable the payment to be processed, and interest will accrue and no incentive will be given should the municipality receive payment from any such service provider after the due date.

10.6. Should any such service provider fail to furnish the municipality with the relevant details of payments made to it 5 days prior to the due dates thereof, such service provider may be held liable for all charges subsequently incurred by the municipality in pursuing recovery of an amount as a result erroneously reflected on the account of the account holder as being in arrear, as well as for interest charges.

10.7. The municipality may estimate the quantity of metered services supplied in respect of a period or periods within the interval between actual successive readings of the meters, and may render an account to an account holder for the quantity of metered services so estimated.

10.8. It is the accountholder's responsibility to ensure that their respective meters are free and clear of any obstacles which could cause the meter readers not to perform their duties of reading said meters. This includes ensuring that the meter boxes are not filled with sand or covered by debris.

10.9. If a meter is unread because it is covered (whether by debris or sand etc.) the municipality has a right to clear the debris or uncover the meter to enable such meter to be read. This will be done at an additional cost to be determined by Council from time to time. Such cost will be billed against the respective meter's account.

10.10. If an account holder is dissatisfied with an account rendered for metered services supplied by the municipality, such account holder may, prior to the due date stipulated therein, lodge an objection in writing to the Chief Financial Officer, setting out reasons for such dissatisfaction. The CFO, duly delegated by the Municipal Manager, or his sub-delegate, shall adjudicate on the objection.

10.11. Should an account holder lodge an objection the account holder must notwithstanding such objection, continue to make regular payments by the due date, of an amount equivalent to the average of the account holder's municipal account for the three month period prior to the month in respect of which the dispute is raised, and taking into account interest as well as the annual amendments of tariffs of Council. If a longer period than 3 months reflects a more realistic average, then the longer period should be used.

10.12. An error or omission in any account or failure to render an account shall not relieve the account holder of the obligation to pay by the due date.

10.13. If an account holder uses water or electricity for a category of use other than that for which it is supplied by the municipality and is as a consequence not charged for water or electricity so used, or is charged for the water or electricity at a rate lower than that at which the account holder should have been charged, the account

holder shall be liable for the amount due to the municipality in accordance with the prescribed charges in respect of-

(e) the quantity of water or electricity which in the opinion of the Municipal Manager, or his delegate, the account holder has used and for which the account holder has not been charged; or

(f) the difference between the cost of the water or electricity used by the account holder at the rate at which the account holder has been charged and the cost of the water or electricity at the rate at which the account holder should have been charged.

10.14. An account holder shall not be entitled to a reduction of the amount payable for metered services which are lost due to a default or error in the meter, save in terms of the provisions of this policy.

10.15. The municipality may;

(g) consolidate any separate accounts of an account holder liable for payments to the municipality;

(h) credit any payment by an account holder against any debt or account of that account holder;

(i) implement any of the provisions of this policy against such account holder in relation to any arrears on any of the accounts of such a person.

11. TERMINATION OF SERVICE AGREEMENT

11.1. Notice of termination of any service agreement must be in writing to the other party of the intention to do so.

11.2. An owner may terminate a service agreement relating to a property sold by him, by giving not less than five working days' notice in writing.

11.3. The Municipal Manager may on sufficient notice in writing, advice an account holder of the termination of the agreement for a supply of municipal services if:

(a) The account holder has not consumed any water or electricity during the preceding six months, or has vacated the property and has not made satisfactory arrangements for the continuation of the agreement;

(b) The account holder has committed a breach of this policy and has failed to rectify such breach; or

(c) The municipality is unable to continue to supply the account holder with municipal services as a result of the assumption by another authority of responsibility for the supply of the municipal service in question.

12. RECORDING TRANSACTIONS

12.1. When issuing an invoice to a debtor, it must be ensured that the following information is captured on the invoice:

- Details of the service provided;
- The date of delivering the service;
- The total cost of the service provided;
- Payment terms as discussed with the Chief Financial Officer;
- The invoice number;
- The Chief Financial Officer's signature to serve as proof that the invoice is valid; and
- Bank details of the Municipality for payments from the debtor.

12.2. Original invoices will be given to debtors.

12.3. A duplicate of each invoice issued will be sent to the Accountant: Debtors to update/ create the relevant debtor account.

13. COLLECTING PAYMENTS

13.1. Three methods of payments shall be used regarding debtors:

- Electronic funds transfer (EFT);
- Cheques; and
- Cash.

13.2. The method of payment for a specific debtor shall be disclosed on the individual invoice for a debtor.

13.3. When debtors pay accounts via EFT the proof of payment will be faxed or e-mailed through to the Municipality.

13.4. Upon taking the proof of payment into receipt, the Senior Accountant shall update the relevant account of the debtor with the amount paid.

13.5. When debtors pay with cheques, the following procedure will be followed:

- Two employees will take the cheque into receipt;
- As proof of receipt, the employees shall sign the cheque register;
- Monthly bank reconciliations shall be performed on all cheques received are valid; and
- As soon as the cheque is deposited, the Senior Accountant shall update the relevant account of the debtor with the amount paid.

13.6. When signing the cheque register, the following information must be captured on the register:

- The cheque number;
- Date of receipt of the cheque;
- Signatures of both employees;
- Name of the debtor; and
- The amount of the cheque.

13.7. Monthly reconciliations on the cheque register shall be performed, to ensure all cheques recorded were received.

13.8. Monthly statements shall be sent to all debtors to keep them informed about the debt and the amount that is owed

13.9. Pre-legal Process

- A sms or email may be send to a debtor if his/her cell phone number or email address is available once his/her account is not paid before or on the due date;
- When there is no response from the consumer regarding the sms or email send, a further notice will be served relating to the specific service to be restricted.

14. MONTHLY STATEMENTS

14.1. Monthly statements shall be sent to all debtors to keep them informed about the debt and the amount that is owed.

14.2. Statements shall be e-mailed as well as mailed, thus to ensure the debtor receives the statement.

14.3. The following information must be recorded on the debtor statement:

- Name and address of the debtor;
- Debtor number;
- The date of the statement;
- The amount outstanding;
- Payment terms;
- Amount due for the applicable month;
- Signature of the Chief Financial Officer;
- Statement number; and
- Details of the amount owed.

14.4. If the above mentioned information is not recorded on the statement, it must not be sent to the applicable debtor.

14.5. Debtors shall have 7 days to pay the due amount from the beginning of each month.

14.6. If the amount is not paid within 7 days, the debtors account shall be classified as in arrears and a notice shall be sent.

15. INTEREST ON ARREARS

15.1. Interest at the prescribed rate must be charged on debts handed over to the attorneys.

15.2. Notwithstanding the provisions of this policy, or the reason for non-payment, interest at the prescribed rate will accrue whilst an account remains unpaid.

16. DISCONTINUANCE OF SERVICES

16.1. Notice of Discontinuance

- A notice of discontinuance must be issued on all accounts in arrears.

- In the event that the debtor does not pay or arrange for payment of outstanding amounts due, the services must be discontinued **within 7 days of issuing the notice.** *(In total 14 days' notice applied. 7 days on the statement and 7 days on the notice)*

16.2. Penalties

- In the event that the debtor connects his or her own services without paying his/her arrears account a penalty as determined in the approved budget from time to time.

16.3. Handing over of overdue accounts

- All **accounts older than 90 days** will be handed over to the attorneys for recovery.
- Account holders will be notified via their statement of the actions taken by the municipality to recover overdue amounts.

17. BAD DEBTS

17.1. Writing off of bad debts

- The Municipal Manager must delegate in writing who, besides the Chief Financial Officer, must write off debt.
- A Chief Financial Officer may only write off debts owed to the Municipality if he or she is satisfied that:
  - All reasonable steps have been taken to recover the debt and the debt is irrecoverable; or,
- He or she is convinced that:
  - Recovery of the debt would be uneconomical; and
  - It would be to the advantage of the Municipality to effect a settlement of its claim or to waive the claim.
- All debts written off must be disclosed in the annual financial statements.
- The approval of the Chief Financial Officer for the write-off of any debt does not mean that actions to recover the money will be terminated, however, further actions will be instituted depending on the costs involved and if debt is recovered it will be recorded in the financial records of Council as recovered.

17.2. Provision for bad debts

- All outstanding debt must be reviewed on an individual debtor basis and in the event that the debt is deemed to be irrecoverable the debt must be provided for. The

assessment of the chief financial officer may include taking into account some of the following procedures:

- Payment history of the debtor
- Legal and other measures taken on the debt owing. (For instance attorney confirmations on the recoverability ect.)
- How economically feasible the recovery of the debt is?
- Attitude and cooperation of the debtor (also whether the recovery will cause undue hardship to the debtor and his/her dependents)

17.3. Recovering of debt written off

- When debt has been written off as irrecoverable it will not be recovered again when a clearance certificate on a property is issued.

18. LEGAL COSTS

All legal costs, including attorney-and-own-client costs incurred in the recovery of amounts in arrears shall be levied against the arrears account of the debtor.

19. COST TO REMIND DEBTORS OF ARREARS

For any action taken in demanding payment from the debtor or reminding the debtor, by means of telephone, fax, email, letter or otherwise, that his/her payments are due, a penalty fee may be levied against the account of the debtor in terms of the municipality's tariff provisions.

20. ARRANGEMENTS TO PAY OUTSTANDING AND DUE AMOUNTS IN CONSECUTIVE INSTALMENTS

20.1. A debtor may enter into a written agreement with the Municipality to repay any outstanding and due amount to the Municipality under the following conditions:

- The outstanding balance, costs and any interest thereon shall be paid in regular and consecutive monthly instalments;
- The current monthly amount must be paid in full; and
- The written agreement has to be signed on behalf of the Municipality by the Chief Financial Officer.

- An initial down payment for the following percentage of the outstanding debt must be paid before arrangements can be entered into and a repayment period must be agreed upon:

Percentage Down Payment	Repayment Periods
50%	3 months
45%	6 months
40%	12 months
35%	18 months
30%	24 months
25%	30 months
20%	36 months
15%	

20.2. In order to determine monthly instalments, a comprehensive statement of assets and liabilities of the debtor must be compiled by a treasury official. To ensure the continuous payment of such arrangement the amount determined must be affordable to the debtor, taking into account that payment of the monthly payments due is a prerequisite for concluding an arrangement. The main aim of an agreement will be to promote full payment of the current amount outstanding and to address the arrears on a consistent basis.

20.3. Only two arrangements may be made with the accountholder in any financial year where after if not adhered to then the full implications of the arrangement conditions will be implemented.

20.4. In any instance where an account holder seeks to make arrangements for payment of arrear amounts due, in instalments, the Chief Financial Officer may as a condition of any agreement:

- review and require an increase in the account holder's deposit;

- require of an account holder to pay current and/or arrear amounts by means of a stop order or debit order;
- require of an account holder to convert to a pre-paid metering system; or
- require any other form of security, including a personal surety from the directors, members or trustees of a company, close corporation, trust or body corporate as the case may be.

21. SEQUENCE OF PAYMENTS

21.1. When a debtor pays his / her account and that account is in arrear, the money paid will be allocated as follows:

21.1.1. Interest on arrear account;

21.1.2. Amount that is in arrear; and

21.1.3. Current outstanding amount broken down as follows:

21.1.3.1. Tax;

21.1.3.2. Refuse removal;

21.1.3.3. Water and Sewage; and

21.1.3.4. Electricity.

22. AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS

22.1. All external agents acting on behalf of the Municipality are to be named, together with their details and contact information. Likewise, all agents are to be supplied with a copy of the credit control measures.

22.2. Clear instructions must be given to agents to explain all arrangements for the customers' benefit. Under no circumstances may agents negotiate terms, extend payment periods or accept cash on behalf of the municipality.

22.3. The costs to the Municipality and to the debtor must be detailed for each stage of the credit control measures and for all possible actions. The liability for the costs of legal action and other credit control actions must, as far as is legally possible, be for the account of the debtor.

23. FINANCIAL MATTERS

23.1. Service Agreement

Before supplying of a service and sending out of any accounts, an account holder must enter into a contract of agreement with the municipality and such contract should provide for a deposit as security.

23.2. Deposits

There shall be a separate deposit paid for water and electricity as per approved tariff schedule where these services are metered and a deposit where flat rate is charged. If an applicant of services or spouse has been blacklisted as a defaulter, the deposit will be doubled to reduce the risk of outstanding or irrecoverable amounts when the account is closed. After the disconnection of electricity supply due to non-payment of services to the municipality, a reconnection fee must be paid as determined by Council in its tariff schedule.

The deposit paid shall be regarded as sufficient if the account holder is not a defaulter. Deposits received must be reviewed annually and a register should be maintained. No interest shall accrue in favour of the deposits thereof upon termination of the debtor's agreement with the municipality. The deposit will first be offset against any outstanding balances (if any) to be refunded to the account holder. If the deposit on the household account is lesser than the amount approved by Council, an additional amount towards the deposit shall be paid.

Where the account holder has not entered into a service agreement with the municipality, water/electricity will be disconnected until such time as a service agreement has been signed and the applicable deposit has been paid. Account holder's deposits for business and industrial accounts must be re-assessed three months after the initial deposit date

23.3. Consolidation of Accounts

A municipality may in terms of Section 102 (1) of the Municipal Systems Act No.32 of 2000:

(a) Consolidate any separate accounts of a debtor liable for payment;

(b) Credit a payment by that account holder against any of his/her account;

(c) Implement any of the debt collection and credit control measures provided for in this chapter in relation to any arrears on any of the accounts of such a debtor.

Subsection (1) does not apply where there is a dispute between the municipality and a person referred to in that subsection concerning any specific amount claimed by the municipality from that person.

A municipality must provide an owner of a property in its jurisdiction with copies of accounts sent to his/her tenant for municipal services, if the owner requests such accounts in writing from the municipality.

In a case of consolidated accounts, an account holder may not elect how an account is to be settled if it is not paid in full.

23.4. Steps to be applied before any action

i) The statement of account sent out monthly to the account holder will serve as a notice of arrears, if any;
ii) A notice that separate accounts may be consolidated may be sent;
iii) A final demand notice may be hand delivered or sent by registered mail to the most recent recorded address of an account holder for arrears accruing;
iv) Failure to deliver a final notice does not relieve an account holder from paying an account in arrears;

v) If no response is received after due date, further steps will be taken (electricity provision will be blocked/terminated, account may be handed over to debt collection or collection attorneys);

vi) Where water/electricity amounts remain outstanding or unpaid for more than 3 (three) months without response, that account may be handed over to debt collectors for the collection and/or legal action to attorneys. These account holders will have to make further arrangements at the attorneys or debt collectors for payment of the arrear amounts. The current monthly accounts must still be paid directly to the municipality. Once an account has been handed over for collection, the case will not be withdrawn unless there was a mistake or oversight on the part of the municipality;

vii) delivery or mailing of a written demand for payment setting out the status of the account and the consequences of not paying or concluding an arrangement by a stipulated date;

viii) informing the account holder telephonically or by any other electronic means of the overdue amount and of the impending disconnection or restriction of services;

ix) disconnection or restriction of the supply of municipal services to the premises, restriction or termination of the sale of prepaid services to an account holder, disconnection or removal of any pre-paid metering system;

x) debiting of the municipal account of the account holder with all applicable costs and charges (including penalties and charges, and legal costs);

xi) institution of action against the account holder for recovery of all arrear amounts and costs and in the case of rates for an order that the premises is specially executable;

xii) requiring of the account holder to convert to another metering system;

xiii) allocation of a portion of any pre-paid payment to other debts **(40% to other debts:60% prepaid);**

xiv) the release of debtors information to a credit bureau;

xv) the publishing of a list of account holders who remain in default;

xvi) withholding excluding the account holder from the tender process;

xvii) setting-off of any amount due by the municipality to the account holder against amounts due for rates and services or any other outstanding amount owed to the municipality;

xviii) review and alteration of the conditions of the service agreement;

xix) classification of the account holder as an unreliable customer;

xx) using the services of external debt collection specialists or agencies;

xxi) employing any other methods which are in the discretion of the Municipal Manager appropriate for the recovery of arrear amounts.

23.5. Actions to secure payment

The municipality and service providers may in addition to the normal civil legal procedures to secure payment of accounts that are in arrears, take the following action to secure payment for municipal rates and services:

(a) The municipality or service provider may block/terminate/disconnect/restrict the provision of electricity services according to Section 104 f (i) & Section 104 n (i) of the Municipal Systems Act No.32 0f 2000. Electricity will only be unblocked/reconnected after payment or arrangement has been made, except for merit cases;

(b) Restriction of the supply of services means to allow an account holder to use only 6 kilo litres of water per month by putting in a tap washer or restrict the purchase of pre-paid electricity and by cutting provision of conventional electricity;

(c) An account holder will be allowed to change an electricity meter from conventional to pre-paid meter while municipal account is in arrears, as this will allow the account holder to be in control of metered services;

(d) An acknowledgement of debt must be completed with all arrangements for paying off arrear accounts. Copies must be handed to the account holder;

(e) Stop orders or Debit orders may be completed for the monthly payment of the agreed amount or at least current amount, as far as possible

(f) The owner will still be liable to pay any amount in arrears that his/her tenant fails to pay;

(g) Where arrangement was not made and electricity was blocked/disconnected due to arrears, services will only be restored if an acceptable payment as calculated by a Finance official is made on the account and an acknowledgement of debt and arrangement for payment of arrears was signed (with a minimum payment made);

(i) Where an acknowledgement of debt was signed and the account holder did not honour the arrangement, the services of that account holder will immediately be disconnected until the full amount due according to the agreement is paid;

(j) Apply the Municipal Property rates Act 6 of 2004, section 28 and 29 to recover Property rates form tenants and estate agents.

Merit cases where special circumstances prevail must be treated individually and could amongst others include the following categories according to Section 98 (2) of The Municipal Systems Act No.32 of 2000:

- Deceased estates;
- Liquidated companies;
- Private persons under administration or debt management;
- Outstanding enquiries/disputes on accounts;
- Certain categories of pensioners;
- Indigent households;
- Child headed families;

All merit cases conditions apply to service accounts only. The municipality may block, restrict or disconnect the supply of electricity or discontinue any other service to any premises whenever an account holder of any service:

- Fails to make full payment on the due date or fails to make acceptable arrangements for the payment of any amount for services, rates or taxes;
- Fails to comply with a condition of supply imposed by the municipality;
- Causes a situation which in the opinion of the municipality is dangerous or is contravening the relevant legislation;

In terms of Section 104 f (ii) the municipality may seize the property to secure payment for services that were delivered to an account holder. This will be done by the municipality's attorneys after following due process.

24. DELEGATION OF POWERS

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Council and Municipal

Manager as well as between the Municipal Manager and other responsible officials. All delegations in terms of this policy document should be recorded in writing.

25. IMPLEMENTATION OF THIS POLICY

This policy will be effective from the date the policy is approved per council resolution.

The implementation of this policy cannot be backdated and all sections thereof will only be implemented from date of approval.